

CITY OF YATES CENTER, KANSAS

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2011

City of Yates Center, Kansas

FINANCIAL STATEMENTS
Year ended December 31, 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and City Council
City of Yates Center
Yates Center, Kansas

We have audited the accompanying financial statements of the individual funds City of Yates Center, Kansas, as of and for the year ended December 31, 2011 as listed in the table of contents. These statutory financial statements are the responsibility of City of Yates Center, Kansas' management. Our responsibility is to express opinions on these statutory basis financial statements based on our audit. The prior year summarized information has been derived from the City's 2010 financial statements and in our report dated April 12, 2011, we expressed an unqualified opinion on the respective statutory basis financial statements of the individual funds of the City and the aggregate discretely presented component units.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note I-B, City of Yates Center, Kansas has prepared these financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Yates Center, Kansas as of December 31, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the individual funds of the City of Yates Center, Kansas as of December 31, 2011, and their respective cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note I-B.

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

City of Yates Center
Yates Center, Kansas

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Agler + Gaeddert, Chartered

Emporia, Kansas
March 30, 2012

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City of Yates Center, Kansas

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended December 31, 2011**

	Unencumbered Cash Balance January 1, 2011	Prior Year Cancelled Encumbrances
Governmental type funds		
General	\$ 234,088	\$ 0
Special revenue		
Special highway	178,016	0
Downtown development	10,067	0
Library fund	2,842	0
Recreation commission	1,295	0
Special law and emergency vehicle	131,901	0
Special parks and recreation	659	0
Municipal equipment	49,046	0
Multi-year capital improvement	28,287	0
Fire proceeds	5,000	0
Fire protection reserve	26,265	0
Economic development	98,056	0
Water rescue	4,316	0
Light hardware	4,172	0
Special recreational facilities	31,364	0
Police department special account	7,916	0
Capital project funds		
Water capital improvements	62,633	0
Proprietary type funds		
Enterprise		
Waterworks	364,857	0
Water reserve	0	0
Sewer	59,396	0
Sewer replacement	86,550	0
Total primary government	<u>1,386,726</u>	<u>0</u>
Component Units		
Carnegie Public Library - general	85,649	0
Recreation Commission	22,858	0
Total component units	<u>108,507</u>	<u>0</u>
Total reporting entity (excluding agency funds)	\$ <u>1,495,233</u>	\$ <u>0</u>
Composition of ending cash		
Demand deposits		
Yates Center Bank Branch - City		\$ 200,814
Yates Center Bank Branch - Carnegie Public Library		9,106
Yates Center Bank Branch - Recreation Commission		23,451
Time deposits		
Yates Center Bank Branch - City		1,232,578
Yates Center Bank Branch - Carnegie Public Library		106,980
Yates Center Bank Branch - Recreation Commission		7,293

The accompanying notes are an integral part of this statement.

Statement 1

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Unencumbered Cash Balance December 31, 2011</u>	<u>Outstanding Encumbrances and Accounts Payable</u>	<u>Cash Balance December 31, 2011</u>
\$ 912,277	\$ 863,033	\$ 283,332	\$ 14,164	\$ 297,496
106,065	146,859	137,222	2,620	139,842
10,007	0	20,074	0	20,074
50,793	50,769	2,866	0	2,866
16,672	16,219	1,748	0	1,748
40,923	41,704	131,120	0	131,120
1,829	0	2,488	0	2,488
15,444	0	64,490	0	64,490
23,992	19,144	33,135	0	33,135
10,000	15,000	0	0	0
13,820	5,943	34,142	350	34,492
64,315	42,291	120,080	0	120,080
0	393	3,923	0	3,923
10,575	10,516	4,231	78	4,309
19,597	15,893	35,068	7	35,075
145	679	7,382	0	7,382
0	58,465	4,168	0	4,168
489,390	460,193	394,054	5,763	399,817
67,079	0	67,079	0	67,079
694,949	773,783	(19,438)	4,147	(15,291)
11,300	0	97,850	0	97,850
<u>2,559,172</u>	<u>2,520,884</u>	<u>1,425,014</u>	<u>27,129</u>	<u>1,452,143</u>
91,201	62,911	113,939	2,202	116,141
19,173	11,287	30,744	0	30,744
<u>110,374</u>	<u>74,198</u>	<u>144,683</u>	<u>2,202</u>	<u>146,885</u>
<u>\$ 2,669,546</u>	<u>\$ 2,595,082</u>	<u>\$ 1,569,697</u>	<u>\$ 29,331</u>	<u>\$ 1,599,028</u>

Composition of ending cash - continued

Certificates of deposit

Piqua State Bank - City \$ 20,000

Cash on hand

City 285

Carnegie Public Library 55

Total cash balance 1,600,562

Agency cash per Statement 4 (1,534)

Total reporting entity (excluding agency funds) \$ 1,599,028

City of Yates Center, Kansas

Statement 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(Budgeted Funds Only)
For the Year Ended December 31, 2011

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Type Funds					
General	\$ 854,271	\$ 9,118	\$ 863,389	\$ 863,033	\$ 356
Special revenue					
Special highway	205,000	0	205,000	146,859	58,141
Downtown development	40,015	0	40,015	0	40,015
Library	50,769	0	50,769	50,769	0
Recreational commission	17,000	0	17,000	16,219	781
Special law & emergency vehicles	158,203	0	158,203	41,704	116,499
Special parks and recreation	495	0	495	0	495
Municipal equipment	72,709	0	72,709	0	72,709
Multi-year capital improvement	50,429	0	50,429	19,144	31,285
Fire protection reserve	15,600	0	15,600	5,943	9,657
Economic development	50,000	0	50,000	42,291	7,709
Special recreational facilities	17,982	0	17,982	15,893	2,089
Proprietary Type Funds					
Enterprise					
Waterworks	610,000	0	610,000	460,193	149,807
Sewer	565,000	0	565,000	773,783	(208,783)
Sewer replacement	50,000	0	50,000	0	50,000

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Property	\$ 223,181	\$ 257,155	\$ 259,258	\$ (2,103)
Delinquent	15,260	12,697	2,800	9,897
Motor vehicle	72,365	48,377	50,253	(1,876)
Recreational vehicle	1,060	832	769	63
16/20M vehicle	2,772	2,095	2,130	(35)
Local sales tax	194,631	242,389	165,000	77,389
County sales tax	60,889	62,863	68,150	(5,287)
Special assessments	2,002	843	0	843
Miscellaneous	0	56	0	56
Total taxes	572,160	627,307	548,360	78,947
Intergovernmental				
Local alcohol liquor fund	493	554	666	(112)
Highway connecting links	18,102	60,259	24,000	36,259
Licenses and permits				
Utility franchise tax	70,105	70,245	70,000	245
Other licenses and permits	16,094	6,595	10,540	(3,945)
Impound fees	162	60	100	(40)
Charges for services				
Swimming fees	8,095	9,201	6,750	2,451
Camp fees	5,078	233	1,200	(967)
Fines and fees	109,206	121,092	64,100	56,992
Use of money and property				
Interest on idle funds	3,646	2,124	4,000	(1,876)
Oil runs	1,332	3,631	2,750	881
Sale of assets	0	250	0	250
Reimbursed expenses	4,759	9,118	0	9,118
Miscellaneous	12,499	1,608	8,800	(7,192)
Total cash receipts	821,731	912,277	\$ 741,266	\$ 171,011
Expenditures				
General government				
General administration				
Salaries	95,515	101,946	\$ 106,812	\$ 4,866
Contractual services	98,974	98,000	90,539	(7,461)
Commodities	13,483	15,484	12,498	(2,986)
Capital outlay	16,117	24,549	12,979	(11,570)
Total general administration	224,089	239,979	222,828	(17,151)

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		2011		
	2010			Variance
	Actual	Actual	Budget	Favorable (Unfavorable)
Expenditures				
Utility service				
Contractual services	\$ 42,737	\$ 43,953	\$ 50,000	\$ 6,047
Employee benefits				
Workmen's compensation	12,062	14,394	12,480	(1,914)
Retirement contributions	27,918	31,709	26,000	(5,709)
FICA payments	34,721	36,420	37,856	1,436
Unemployment contributions	237	463	728	265
Total employee benefits	74,938	82,986	77,064	(5,922)
Total general government	341,764	366,918	349,892	(17,026)
Public safety				
Fire department				
Salaries	11,048	18,172	17,122	(1,050)
Contractual services	15,094	16,542	11,527	(5,015)
Commodities	6,014	12,488	6,302	(6,186)
Capital outlay	3,706	5,212	5,432	220
Total fire department	35,862	52,414	40,383	(12,031)
Law enforcement				
Salaries	179,625	183,715	188,356	4,641
Contractual services	38,109	35,491	37,856	2,365
Commodities	7,748	12,829	10,816	(2,013)
Capital outlay	0	9,494	3,640	(5,854)
Total law enforcement	225,482	241,529	240,668	(861)
Total public safety	261,344	293,943	281,051	(12,892)
Culture and recreation				
Swimming pool				
Salaries	21,264	23,357	20,931	(2,426)
Contractual services	7,850	8,191	6,286	(1,905)
Commodities	7,330	10,252	8,673	(1,579)
Capital outlay	3,172	0	0	0
Total swimming pool	39,616	41,800	35,890	(5,910)

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
Park department				
Salaries	\$ 5,078	\$ 4,306	\$ 3,181	\$ (1,125)
Contractual services	14,443	15,119	8,653	(6,466)
Commodities	3,690	4,571	2,478	(2,093)
Capital outlay	1,531	3,500	1,928	(1,572)
Total park department	24,742	27,496	16,240	(11,256)
Library Board				
Appropriation	0	0	0	0
Recreation Board				
Commodities	0	3,880	0	(3,880)
Airport operations				
Contractual services	4,295	3,996	5,474	1,478
Commodities	1	0	324	324
Total airport operations	4,296	3,996	5,798	1,802
Operating transfers	134,000	125,000	165,400	40,400
Total expenditures	805,762	863,033	854,271	(8,762)
Adjustment for qualifying budget credits	0	0	9,118	9,118
Total expenditures and budget credits	805,762	863,033	\$ 863,389	\$ 356
Receipts over (under) expenditures	15,969	49,244		
Unencumbered cash, January 1	218,119	234,088		
Unencumbered cash, December 31	\$ 234,088	\$ 283,332		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

**SPECIAL REVENUE FUND
SPECIAL HIGHWAY**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)**

		2011		
	2010			Variance
	Actual	Actual	Budget	Favorable (Unfavorable)
Cash receipts				
Intergovernmental	\$ 36,642	\$ 0	\$ 36,350	\$ (36,350)
FEMA	17,954	0	0	0
Miscellaneous	1,598	718	109	609
Reimbursed expenses	893	1,347	0	1,347
Operating transfers	104,000	104,000	104,000	0
Total cash receipts	<u>161,087</u>	<u>106,065</u>	<u>\$ 140,459</u>	<u>\$ (34,394)</u>
Expenditures				
Highways and streets				
Personal services	55,668	56,717	\$ 71,483	\$ 14,766
Contractual services	8,082	10,426	17,306	6,880
Commodities	67,126	48,950	67,528	18,578
Capital outlay	2,000	0	21,632	21,632
Other	30,042	9,329	5,615	(3,714)
Total highways and streets	<u>162,918</u>	<u>125,422</u>	<u>183,564</u>	<u>58,142</u>
Debt service				
Principal	9,831	9,725	11,036	1,311
Interest	1,205	1,312	0	(1,312)
Total debt service	<u>11,036</u>	<u>11,037</u>	<u>11,036</u>	<u>(1)</u>
Operating transfers	<u>10,400</u>	<u>10,400</u>	<u>10,400</u>	<u>0</u>
Total expenditures	<u>184,354</u>	<u>146,859</u>	<u>\$ 205,000</u>	<u>\$ 58,141</u>
Receipts over (under) expenditures	(23,267)	(40,794)		
Unencumbered cash, January 1	<u>201,283</u>	<u>178,016</u>		
Unencumbered cash, December 31	<u>\$ 178,016</u>	<u>\$ 137,222</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
DOWNTOWN DEVELOPMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Use of money and property	\$ 0	\$ 7	\$ 0	\$ 7
Operating transfers	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>	<u>(10,000)</u>
Total cash receipts	10,000	10,007	<u>\$ 20,000</u>	<u>\$ (9,993)</u>
Expenditures				
Capital outlay	<u>0</u>	<u>0</u>	<u>\$ 40,015</u>	<u>\$ 40,015</u>
Receipts over (under) expenditures	10,000	10,007		
Unencumbered cash, January 1	<u>67</u>	<u>10,067</u>		
Unencumbered cash, December 31	<u>\$ 10,067</u>	<u>\$ 20,074</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
LIBRARY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>2011</u>		
	<u>2010</u>			<u>Variance</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts				
Taxes				
Property	\$ 51,883	\$ 38,254	\$ 38,899	\$ (645)
Delinquent tax	0	972	0	972
Motor vehicle tax	0	10,381	11,222	(841)
Recreation vehicle tax	0	186	172	14
16/20 Vehicle tax	0	0	476	(476)
Total taxes	51,883	49,793	50,769	(976)
Operating transfers	0	1,000	0	1,000
Total cash receipts	51,883	50,793	\$ 50,769	\$ 24
Expenditures				
Appropriation	49,041	50,769	\$ 50,769	\$ 0
Receipts over (under) expenditures	2,842	24		
Unencumbered cash, January 1	0	2,842		
Unencumbered cash, December 31	\$ 2,842	\$ 2,866		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
RECREATION COMMISSION BOARD

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		2011		Variance
	2010	Actual	Budget	Favorable
	Actual			(Unfavorable)
Cash receipts				
Taxes				
Property	\$ 17,373	\$ 12,808	\$ 13,025	\$ (217)
Delinquent tax	0	326	0	325
Motor vehicle tax	0	3,476	3,758	(282)
Recreation vehicle tax	0	62	58	4
16/20 vehicle tax	0	0	159	(159)
Total cash receipts	17,373	16,672	\$ 17,000	\$ (329)
Expenditures				
Culture and recreation				
Personal services	11,902	10,078	\$ 12,000	\$ 1,922
Other	0	0	5,000	5,000
Appropriation	4,176	6,141	0	(6,141)
Total expenditures	16,078	16,219	\$ 17,000	\$ 781
Receipts over (under) expenditures	1,295	453		
Unencumbered cash, January 1	0	1,295		
Unencumbered cash, December 31	\$ 1,295	\$ 1,748		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
SPECIAL LAW AND EMERGENCY VEHICLES

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>2011</u>		
	<u>2010</u>			<u>Variance</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts				
Taxes				
Property	\$ 9,981	\$ 10,630	\$ 10,805	\$ (175)
Delinquent	513	439	100	339
Motor vehicle	2,624	2,160	2,265	(105)
Recreational vehicle	37	38	35	3
16/20M vehicle	97	72	96	(24)
Local sales tax	23,912	27,581	22,500	5,081
Miscellaneous	<u>0</u>	<u>3</u>	<u>0</u>	<u>3</u>
Total cash receipts	<u>37,164</u>	<u>40,923</u>	\$ <u>35,801</u>	\$ <u>5,122</u>
Expenditures				
Public safety				
Capital outlay	0	41,704	\$ 155,165	\$ 113,461
Fire equipment payment	<u>3,038</u>	<u>0</u>	<u>3,038</u>	<u>3,038</u>
Total expenditures	<u>3,038</u>	<u>41,704</u>	\$ <u>158,203</u>	\$ <u>116,499</u>
Receipts over (under) expenditures	34,126	(781)		
Unencumbered cash, January 1	<u>97,775</u>	<u>131,901</u>		
Unencumbered cash, December 31	\$ <u>131,901</u>	\$ <u>131,120</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
SPECIAL PARKS AND RECREATION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

		<u>2011</u>		
	<u>2010</u>			<u>Variance</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts				
Local alcohol tax	\$ 494	\$ 1,829	\$ <u>165</u>	\$ <u>1,664</u>
Expenditures	<u>0</u>	<u>0</u>	\$ <u>495</u>	\$ <u>495</u>
Receipts over (under) expenditures	494	1,829		
Unencumbered cash, January 1	<u>165</u>	<u>659</u>		
Unencumbered cash, December 31	\$ <u>659</u>	\$ <u>2,488</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
MUNICIPAL EQUIPMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Use of money and property	\$ 226	\$ 44	\$ 250	\$ (206)
Operating transfers	15,400	15,400	15,400	0
Total cash receipts	15,626	15,444	\$ 15,650	\$ (206)
Expenditures				
General government				
Capital outlay	17,027	0	\$ 72,709	\$ 72,709
Receipts over (under) expenditures	(1,401)	15,444		
Unencumbered cash, January 1	50,447	49,046		
Unencumbered cash, December 31	\$ 49,046	\$ 64,490		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
MULTI-YEAR CAPITAL IMPROVEMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>2011</u>		
	<u>2010</u>			<u>Variance</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts				
Taxes				
Property	\$ 10,466	\$ 10,730	\$ 10,807	\$ (77)
Delinquent	513	439	0	439
Motor vehicle	2,144	2,096	2,265	(169)
Recreational vehicle	37	38	35	3
16/20M vehicle	97	39	96	(57)
Local sales tax	<u>5,978</u>	<u>5,619</u>	<u>5,664</u>	<u>(45)</u>
Total taxes	19,235	18,961	18,867	94
Reimbursed expenses	150	0	0	0
Grant Income (FEMA)	70,624	0	0	0
Miscellaneous	0	2	159	(157)
Use of money and property	150	29	0	29
Operating transfers	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total cash receipts	<u>95,159</u>	<u>23,992</u>	\$ <u>24,026</u>	\$ <u>(34)</u>
Expenditures				
General government				
Capital outlay	3,986	1,552	\$ 30,025	\$ 28,473
Principal	7,293	7,777	20,404	12,627
Interest	10,405	9,815	0	(9,815)
Home grant expense	<u>70,844</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>92,528</u>	<u>19,144</u>	\$ <u>50,429</u>	\$ <u>31,285</u>
Receipts over (under) expenditures	2,631	4,848		
Unencumbered cash, January 1	<u>25,656</u>	<u>28,287</u>		
Unencumbered cash, December 31	\$ <u>28,287</u>	\$ <u>33,135</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
FIRE PROCEEDS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash receipts		
Insurance proceeds	\$ 0	\$ 10,000
Expenditures		
Repayments	<u>0</u>	<u>15,000</u>
Receipts over (under) expenditures	0	(5,000)
Unencumbered cash, January 1	<u>5,000</u>	<u>5,000</u>
Unencumbered cash, December 31	<u>\$ 5,000</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
FIRE PROTECTION RESERVE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Local sales tax	\$ 11,956	\$ 13,791	\$ 11,327	\$ 2,464
Use of money and property	150	29	159	(130)
Total cash receipts	12,106	13,820	\$ 11,486	\$ 2,334
Expenditures				
Public Safety				
Contractual	8,806	5,943	\$ 11,336	\$ 5,393
Commodities	0	0	4,264	4,264
Total expenditures	8,806	5,943	\$ 15,600	\$ 9,657
Receipts over (under) expenditures	3,300	7,877		
Unencumbered cash, January 1	22,965	26,265		
Unencumbered cash, December 31	\$ 26,265	\$ 34,142		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
ECONOMIC DEVELOPMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		2011		Variance
	2010			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash receipts				
Taxes				
Local sales tax	\$ 53,801	\$ 62,058	\$ 49,500	\$ 12,558
Miscellaneous	1,000	2,177	0	2,177
Use of money and property	391	80	400	(320)
Operating transfers	10,000	0	0	0
Total cash receipts	65,192	64,315	\$ 49,900	\$ 14,415
Expenditures				
General government				
Contractual	12,678	3,207	\$ 31,882	\$ 28,675
Commodities	18,439	17,046	0	(17,046)
Capital Outlay	0	5,000	0	(5,000)
Property tax incentive reimbursement	278	338	1,418	1,080
Chamber allocation	16,700	16,700	16,700	0
Total expenditures	48,095	42,291	\$ 50,000	\$ 7,709
Receipts over (under) expenditures	17,097	22,024		
Unencumbered cash, January 1	80,959	98,056		
Unencumbered cash, December 31	\$ 98,056	\$ 120,080		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
WATER RESCUE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash receipts		
Miscellaneous	\$ 500	\$ 0
Operating transfers	<u>3,000</u>	<u>0</u>
Total cash receipts	<u>3,500</u>	<u>0</u>
Expenditures		
Public safety		
Commodities	<u>529</u>	<u>393</u>
Total expenditures	<u>529</u>	<u>393</u>
Receipts over (under) expenditures	2,971	(393)
Unencumbered cash, January 1	<u>1,345</u>	<u>4,316</u>
Unencumbered cash, December 31	<u>\$ 4,316</u>	<u>\$ 3,923</u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
LIGHT HARDWARE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash receipts		
Use of money and property	\$ 2,094	\$ 1,000
Miscellaneous	<u>7,655</u>	<u>9,575</u>
Total cash receipts	<u>9,749</u>	<u>10,575</u>
Expenditures		
Recreation		
Contractual	6,050	7,161
Commodities	1,542	1,137
Capital outlay	<u>1,299</u>	<u>2,218</u>
Total expenditures	<u>8,891</u>	<u>10,516</u>
Receipts over (under) expenditures	858	59
Unencumbered cash, January 1	<u>3,314</u>	<u>4,172</u>
Unencumbered cash, December 31	<u>\$ 4,172</u>	<u>\$ 4,231</u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
SPECIAL RECREATIONAL FACILITIES

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>2011</u>		
	<u>2010</u>			<u>Variance</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Cash receipts				
Charges for services	\$ 7,729	\$ 14,503	\$ 13,137	\$ 1,366
Use of money and property	3,511	3,789	0	3,789
Miscellaneous	378	0	0	0
Donations	<u>1,510</u>	<u>1,305</u>	<u>1,510</u>	<u>(205)</u>
Total cash receipts	<u>13,128</u>	<u>19,597</u>	\$ <u>14,647</u>	\$ <u>4,950</u>
Expenditures				
Special recreational facilities				
Contractual services	270	131	\$ 373	\$ 242
Commodities	3,493	4,480	6,011	1,531
Capital outlay	<u>2,610</u>	<u>11,282</u>	<u>8,598</u>	<u>(2,684)</u>
Total recreational facilities	<u>6,373</u>	<u>15,893</u>	<u>14,982</u>	<u>(911)</u>
Operating transfers	<u>3,000</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>
Total expenditures	<u>9,373</u>	<u>15,893</u>	\$ <u>17,982</u>	\$ <u>2,089</u>
Receipts over (under) expenditures	3,755	3,704		
Unencumbered cash, January 1	<u>27,609</u>	<u>31,364</u>		
Unencumbered cash, December 31	\$ <u>31,364</u>	\$ <u>35,068</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

SPECIAL REVENUE FUND
POLICE DEPARTMENT SPECIAL ACCOUNT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash receipts		
Use of money and property	\$ 80	\$ 35
Grant income	<u>727</u>	<u>110</u>
Total cash receipts	807	145
Expenditures		
Public safety		
Commodities	<u>2,939</u>	<u>679</u>
Receipts over (under) expenditures	(2,132)	(534)
Unencumbered cash, January 1	<u>10,048</u>	<u>7,916</u>
Unencumbered cash, December 31	\$ <u><u>7,916</u></u>	\$ <u><u>7,382</u></u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

**CAPITAL PROJECT FUND
WATER - CAPITAL IMPROVEMENTS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash receipts		
Proceeds		
CDBG grant	\$ 397,880	\$ 0
KDHE loan	516,990	0
State set-off program	0	0
Reimbursed expenses	<u>4,232</u>	<u>0</u>
Total cash receipts	<u>919,102</u>	<u>0</u>
Expenditures		
Water improvement project		
Engineering and construction	856,469	58,465
Other	<u>0</u>	<u>0</u>
Total expenditures	<u>856,469</u>	<u>58,465</u>
Receipts over (under) expenditures	62,633	(58,465)
Unencumbered cash, January 1	<u>0</u>	<u>62,633</u>
Unencumbered cash, December 31	<u>\$ 62,633</u>	<u>\$ 4,168</u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

**ENTERPRISE FUND
WATERWORKS ENTERPRISE FUND**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		2011		Variance Favorable (Unfavorable)	
	2010 Actual	Actual	Budget		
Cash receipts					
Charges for services	\$ 391,097	\$ 398,613	\$ 400,000	\$ (1,387)	
Water protection fee	1,577	1,295	1,500	(205)	
Use of money and property	20,511	22,003	20,000	2,003	
Reimbursed expenses	77	5,087	5,050	37	
Miscellaneous	75	185	4,439	(4,254)	
Operating transfers	73,700	0	0	0	
Sale of assets	260	0	0	0	
State set-off program	2,655	1,622	1,209	413	
Insurance Proceeds	689	0	58,465	(58,465)	
CDBG Grant	0	60,585	2,120	58,465	
Total cash receipts	<u>490,641</u>	<u>489,390</u>	<u>\$ 492,783</u>	<u>\$ (3,393)</u>	
Expenditures					
Operations					
Personal services	141,148	141,855	\$ 156,921	\$ 15,066	
Contractual services	75,155	77,845	81,120	3,275	
Commodities	100,809	111,942	103,431	(8,511)	
Capital outlay	57,526	12,151	102,000	89,849	
Water improvement project	4,232	5,657	49,663	44,006	
Other	0	0	6,121	6,121	
Total operations	<u>378,870</u>	<u>349,450</u>	<u>499,256</u>	<u>149,806</u>	
Debt service					
Principal	13,782	14,548	19,744	5,196	
Interest	5,962	5,195	0	(5,195)	
Total debt service	<u>19,744</u>	<u>19,743</u>	<u>19,744</u>	<u>1</u>	
Operating transfers	<u>95,700</u>	<u>91,000</u>	<u>91,000</u>	<u>0</u>	
Total expenditures	<u>494,314</u>	<u>460,193</u>	<u>\$ 610,000</u>	<u>\$ 149,807</u>	
Receipts over (under) expenditures	(3,673)	29,197			
Unencumbered cash, January 1	<u>368,530</u>	<u>364,857</u>			
Unencumbered cash, December 31	<u>\$ 364,857</u>	<u>\$ 394,054</u>			

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

ENTERPRISE FUND
WATER RESERVE ENTERPRISE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash receipts		
Use of money and property	\$ 0	\$ 79
Operating transfer	<u>0</u>	<u>67,000</u>
Total cash receipts	<u>0</u>	<u>67,079</u>
Expenditures	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	0	67,079
Unencumbered cash, January 1	<u>0</u>	<u>0</u>
Unencumbered cash, December 31	<u>\$ 0</u>	<u>\$ 67,079</u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

ENTERPRISE FUND
SEWER

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		2011		
	2010			Variance
	Actual	Actual	Budget	Favorable
				(Unfavorable)
Cash receipts				
Charges for services	\$ 215,155	\$ 217,677	\$ 210,456	\$ 7,221
Use of money and property	903	175	955	(780)
Miscellaneous revenue	0	125	0	125
Set-off program	2,655	1,622	2,222	(600)
Operating transfer	22,000	24,000	24,000	0
CDBG sewer grant funds	0	451,350	318,104	133,246
	<u>240,713</u>	<u>694,949</u>	<u>\$ 555,737</u>	<u>\$ 139,212</u>
Total cash receipts				
Expenditures				
Operations				
Contractual services	51,297	57,961	\$ 45,000	\$ (12,961)
Commodities	1,624	5,094	5,000	(94)
Capital outlay	330	1,141	6,000	4,859
Other	0	0	4,878	4,878
	<u>53,251</u>	<u>64,196</u>	<u>60,878</u>	<u>(3,318)</u>
Total operations				
Debt service				
Principal	108,949	55,863	174,718	118,855
Interest	61,129	29,176	0	(29,176)
	<u>170,078</u>	<u>85,039</u>	<u>174,718</u>	<u>89,679</u>
Total debt service				
Operating transfers	<u>11,300</u>	<u>11,300</u>	<u>11,300</u>	<u>0</u>
Facility improvements				
Sewer improvement	0	613,248	318,104	(295,144)
	<u>234,629</u>	<u>773,783</u>	<u>\$ 565,000</u>	<u>\$ (208,783)</u>
Total expenditures				
Receipts over (under) expenditures	6,084	(78,834)		
Unencumbered cash, January 1	<u>53,312</u>	<u>59,396</u>		
Unencumbered cash, December 31	\$ <u>59,396</u>	\$ <u>(19,438)</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 3

ENTERPRISE FUND
SEWER REPLACEMENT

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	2010 Actual	2011		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Operating transfer	\$ 11,300	\$ 11,300	\$ 11,300	\$ 0
Expenditures				
Capital outlay	0	0	\$ 50,000	\$ 50,000
Receipts over (under) expenditures	11,300	11,300		
Unencumbered cash, January 1	75,250	86,550		
Unencumbered cash, December 31	\$ 86,550	\$ 97,850		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 4

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2011

<u>Fund</u>	<u>Cash Balance January 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance December 31, 2011</u>
Municipal Court	\$ 300	\$ 133,507	\$ 132,807	\$ 1,000
Retirement	<u>534</u>	<u>0</u>	<u>0</u>	<u>534</u>
Total agency funds	\$ <u>834</u>	\$ <u>133,507</u>	\$ <u>132,807</u>	\$ <u>1,534</u>

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 5

COMPONENT UNIT
GENERAL FUND
CARNEGIE PUBLIC LIBRARY GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>2011</u>		
	2010			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts				
Intergovernmental	\$ 54,597	\$ 57,131	\$ 58,285	\$ (1,154)
Fines and forfeitures	1,240	1,439	0	1,439
Use of money and property	914	706	0	706
Grants	0	1,500	0	1,500
Donations	<u>12,794</u>	<u>30,425</u>	<u>0</u>	<u>30,425</u>
Total cash receipts	<u>69,545</u>	<u>91,201</u>	\$ <u>58,285</u>	\$ <u>32,916</u>
Expenditures				
Culture and recreation				
Personal services	41,791	45,388	\$ 40,392	\$ (4,996)
Contractual	3,077	6,121	4,200	(1,921)
Commodities	<u>13,628</u>	<u>11,402</u>	<u>13,693</u>	<u>2,291</u>
Total expenditures	<u>58,496</u>	<u>62,911</u>	\$ <u>58,285</u>	\$ <u>(4,626)</u>
			*	
Receipts over (under) expenditures	11,049	28,290		
Unencumbered cash, January 1	<u>74,600</u>	<u>85,649</u>		
Unencumbered cash, December 31	\$ <u>85,649</u>	\$ <u>113,939</u>		

*This is an internal budget and is presented for comparison purposes only. This component unit is not subject to the budget laws of the State of Kansas.

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

Statement 5

COMPONENT UNIT
RECREATION COMMISSION

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		<u>2011</u>		
	<u>2010</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Favorable</u>
				<u>(Unfavorable)</u>
Cash receipts				
Intergovernmental				
City of Yates Center	\$ 0	\$ 10,317	\$ 17,000	\$ (6,683)
Board of Education	0	1,460	0	1,460
Charges for services				
Entry fees	7,750	3,661	0	3,661
Concession	0	2,273	0	2,273
Use of money and property	40	17	0	17
Donations	<u>504</u>	<u>1,445</u>	<u>0</u>	<u>1,445</u>
Total cash receipts	<u>8,294</u>	<u>19,173</u>	<u>\$ 17,000</u>	<u>\$ 2,173</u>
Expenditures				
Culture and recreation				
Capital improvements	450	0	\$ 0	\$ 0
Equipment and supply	1,964	5,208	0	(5,208)
Repairs and maintenance	483	844	0	(844)
Director and umpire fees	0	0	11,902	11,902
Miscellaneous	3,071	1,999	0	(1,999)
Payroll taxes	0	0	922	922
Tournament supplies	1,671	2,042	0	(2,042)
Concessions	<u>0</u>	<u>1,194</u>	<u>0</u>	<u>(1,194)</u>
Total expenditures	<u>7,639</u>	<u>11,287</u>	<u>\$ 12,824</u>	<u>\$ 1,537</u>
Receipts over (under) expenditures	655	7,886		
Unencumbered cash, January 1	<u>22,203</u>	<u>22,858</u>		
Unencumbered cash, December 31	<u>\$ 22,858</u>	<u>\$ 30,744</u>		

The accompanying notes are an integral part of this statement.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Yates Center is a municipal corporation governed by an elected mayor and eight-member council. These financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported on a separate line in the summary of cash receipts, expenditures and unencumbered cash to emphasize it is legally separate from the government. Each discretely presented component unit has a December 31 year end.

Discretely Presented Component Units

City of Yates Center Carnegie Public Library

The Library provides reading and research materials for the residents of the City. The Board members for the Library are appointed by the City Council. Because the Library is not a separate taxing entity by state statutes, the City levies taxes for the Library's operations. The financial data of the Library is reported as a component unit in Statement 5 of the report.

City of Yates Center Recreation Commission

The Recreation Commission provides recreational facilities and services for the residents of the City. The Board members for the Recreation Commission are appointed by the City Council. The Commission is not a separate taxing entity and therefore the City levies taxes for the Commission's operations. The financial data of the Recreation Commission is reported as a component unit in Statement 5 of the report.

Autonomous Entity

Firemen's Relief Association

The Firemen's Relief Association provides insurance and other benefits to firemen. The Association's Board consists of firefighters elected by popular vote. Kansas statutes provide for funding by assessing a charge on fire insurance premiums paid. The Association is an autonomous entity and therefore its financial data is not included in these financial statements.

Related Organization

Yates Center Housing Authority

The Housing Authority was organized to provide a not-for-profit apartment facility for local elderly residents. The Housing Authority members are appointed by the Mayor with Council approval. The City has no responsibility for any liabilities incurred by the Housing Authority and provides no funding to the Housing Authority. The Housing Authority is not dependent upon the City of Yates Center. For these reasons, the Housing Authority is not considered to be a part of the City's reporting entity and therefore is not included in these financial statements.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws for the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America. The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of net assets; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

C. Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City.

Governmental Type Funds

General Fund - to account for all unrestricted financial resources of the general government, except those required to be accounted for in other funds.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditures for specific purposes.

Capital Project Funds - to account for the acquisition and construction of major capital projects.

Agency Funds - to account for assets held as an agent for individuals, other governmental units, private organizations, and/or other funds.

Proprietary Type Funds

Enterprise Funds - to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS December 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

D. Assets and Liabilities

1. Pooled Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds.

2. Compensated Absences

The City's policies regarding vacation pay permits employees to accumulate vacation time earned in a twelve month period. Vacation is awarded based upon the number of years worked according to the following time frame: one week vacation after one year, two weeks after two years, three weeks after ten years and four weeks after twenty years. Vacation time may be carried over to the first three months following their employment year. Earned vacation leave shall be paid upon termination.

The City's policies regarding sick leave permit employees to accumulate sick leave to a maximum of 90 days. Earned sick leave is not paid upon termination. However, employees who have accrued the full 90 days accrued sick leave may be eligible to be paid for unused sick leave up to eighty hours per year. The City also offers a shared sick leave policy whereby employees may donate accumulated sick leave to fellow employees within a given set of qualifications.

E. Receipts and Expenditures

1. Ad Valorem Tax Revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. In accordance with Kansas statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. One-half of the property taxes are due December 20th, prior to the fiscal year for which they are budgeted, and the second half is due May 10th. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

2. Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

3. Comparative Prior Year Amounts

The 2010 actual amounts presented in the financial statements have been taken from the audit report for the year ended December 31, 2010 and are presented for comparative purposes only. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS December 31, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a) Preparation of the budget for the succeeding calendar year on or before August 1st of each year.
- b) Publication in the local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c) Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d) Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were budget amendments for the Multi-Year Capital Improvement and Project Construction Fund.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Example include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the following special revenue funds: Police Department Special Account, Water Rescue, Light Hardware, and Fire Proceeds. Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The Recreation Commission prepares its budgets on the same basis of accounting as used by the City and certifies its budget to the City for levy. Because the budget is certified, it is subject to the same laws as the City regarding budgeting.

The Carnegie Public Library presents a budget for its internal use only and is not subject to the budget laws of the State of Kansas.

B. Legal Debt Margin

The City is subject to the municipal finance law of the State of Kansas which limits the amount of general obligation debt that the City may have outstanding to 30 percent of the assessed valuation of tangible property within the City, as certified to the County Clerk on the proceeding August 25th. At December 31, 2011, the statutory limit for the City was \$2,158,746 and total KDHE loans were \$2,027,209. Current debt does not exceed this limit.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS December 31, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

C. Revolving Loan Covenants

Ordinance number 958, dated October 1, 2001, requires the user charge system for the wastewater treatment works generate adequate annual revenues to pay the costs of annual operations and maintenance including replacement and costs associated with debt retirement associated with financing the treatment works. The ordinance further requires the designation of an account for the specific purpose of ensuring replacement needs over the useful life of the treatment works. Deposits to the replacement account shall be made annually, from the user charge system in the amount of \$11,300 annually. As of December 31, 2011 the replacement account has a balance of \$97,850 which exceeds the required balance of \$67,800.

D. Compliance with Kansas Statutes

References made herein to statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the legal representative of the City. The City has a budget and a cash violation for the Sewer Fund. The Fund currently has a capital project for the improvement of sewer lines and has a grant for this purpose. However, as of the end of the year the City had not received all of the grant funds thus creating both the budget and cash violation. Management is not aware of any other violations.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits - K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has not designated any "peak periods". All deposits were legally secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$1,454,793 and the bank balance was \$1,530,872. The difference between the carrying amount and the bank balance was outstanding checks and outstanding deposits. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$270,000 was covered by FDIC insurance and \$1,260,872 was collateralized with securities held by the pledging financial institutions' agent in the City's name.

At December 31, 2011, the Carnegie Public Library's carrying amount of deposits was \$116,141 and the bank balance was \$117,113. The difference between the carrying amount and the bank balance was outstanding checks and outstanding deposits. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$117,113 was covered by FDIC insurance.

At December 31, 2011, the Recreation Commission's carrying amount of deposits was \$30,744 and the bank balance was \$30,744. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$30,744 was covered by FDIC insurance.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

A. Long-Term Debt - long-term debt held during the year included:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
Revolving Loan:				
Kansas Water Pollution Control	3.14%	09/20/2000	\$ 2,738,507	03/01/2023
Kansas Department of Health and Environment	3.47%	06/22/2009	491,624	08/01/2030
Capital Leases:				
Diesel Generators	5.40%	12/28/2006	151,000	12/28/2016
Ball Field Improvements	5.40%	02/26/2007	30,000	02/26/2017
Land	6.50%	12/27/2007	156,000	12/27/2022
Fire Equipment	4.35%	04/07/2008	18,000	04/07/2015
Skid Steer	4.25%	08/10/2009	30,776	08/10/2012
Asphalt Zipper	3.73%	01/10/2011	95,045	01/10/2016

Changes in long-term debt for the City of Yates Center for the year ended December 31, 2011, were as follows:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance December 31, 2011</u>	<u>Interest Paid</u>
Revolving Loan:					
Kansas Water Pollution Control	\$ 1,721,262	\$ 0	\$ 112,673	\$ 1,608,589	\$ 53,171
Kansas Department of Health and Environment	437,057	0	18,437	418,620	13,486
Capital Leases:					
Diesel Generators	100,064	0	14,536	85,528	5,210
Ball Field Improvements	22,523	0	2,733	19,790	1,152
Land	135,545	0	7,758	127,787	8,687
Fire Equipment	13,399	0	2,456	10,943	581
Skid Steer	20,942	0	10,253	10,689	780
Asphalt Zipper	0	95,045	0	95,045	0
	<u>\$ 2,450,792</u>	<u>\$ 95,045</u>	<u>\$ 168,846</u>	<u>\$ 2,376,991</u>	<u>\$ 83,067</u>

Current maturities of long-term debt for the next five years and in five year increments thereafter are as follows:

<u>Year</u>	<u>Revolving Loan</u>		<u>Capital Leases</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	131,867	69,398	57,399	18,055	189,266	87,453
2013	136,443	64,823	48,987	15,375	185,430	80,198
2014	141,177	60,088	51,428	12,935	192,605	73,023
2015	146,076	55,189	53,984	10,379	200,060	65,568
2016	151,145	50,120	53,616	7,709	204,761	57,829
2017 to 2021	838,149	168,178	68,693	17,466	906,842	185,644
2022 to 2026	367,674	43,382	15,675	767	383,349	44,149
2027 to 2031	114,678	10,074	0	0	114,678	10,074
	<u>\$ 2,027,209</u>	<u>\$ 521,252</u>	<u>\$ 349,782</u>	<u>\$ 82,686</u>	<u>\$ 2,376,991</u>	<u>\$ 603,938</u>

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS December 31, 2011

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - continued

C. Other Long-Term Obligations

Changes in long-term obligations, other than debt, for the year ended December 31, 2011, are as follows:

	Balance January 1, 2011	Net Change	Balance December 31, 2011
Compensated absences			
Vacation leave	\$ 11,591	\$ 2,914	\$ 14,505
	<u>\$ 11,591</u>	<u>\$ 2,914</u>	<u>\$ 14,505</u>

Compensated absences are paid by the fund from which the employee is normally paid.

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description - The City of Yates Center, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2010 was 7.74%. The City of Yates Center, Kansas' employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$31,709, \$28,106, and \$22,275, respectively, equal to the statutory required contributions for each year. The Carnegie Public Library's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$1,708, \$1,010, and \$1,441, respectively, equal to the statutory required contributions for each year.

B. Flexible Benefit Plan (I.R.C. Section 125)

The City Council has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All full-time City employees are eligible to participate in the Plan beginning on the first day of the month following employment.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Liabilities related to risks of loss are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. During the last three years, claim settlements have not exceeded insurance coverage.

City of Yates Center, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

IV. OTHER INFORMATION - continued

D. Other Post Employment Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

E. Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Special Highway	K.S.A. 68-590	\$ 104,000
General	Multi-year Capital Improvement	K.S.A. 12-1117	5,000
General	Municipal Equipment	K.S.A. 12-1117	5,000
General	Downtown Developemnt	K.S.A. 12-1117	10,000
General	Library	K.S.A. 12-1117	1,000
Special Highway	Municipal Equipment	K.S.A. 12-1117	10,400
Sewer	Sewer Replacement	K.S.A. 12-1117	11,300
Waterworks	Sewer	K.S.A. 12-1117	24,000
Waterworks	Capital Improvement	K.S.A. 12-1117	13,400
Waterworks	Water Reserve	K.S.A. 12-1117	67,000

F. Subsequent Events

Management evaluated subsequent events through March 30, 2012. There were no significant events to disclose.

ADDITIONAL INFORMATION

City of Yates Center, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2011

Federal Grant Pass Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Program Revenue Amount	Program Expenditure Amount
Environmental Protection Agency				
Pass Through Kansas Department of Health & Environment				
Capitalization Grants for Drinking Water	66.468	N/A	\$ 818	\$ 818
Capitalization Grants for Drinking Water	66.468	N/A	58,465	58,465
Total U.S. Department of Housing and Urban Development			59,283	59,283
U.S. Department of Housing and Urban Development				
Pass through Kansas Department of Commerce				
Community Development Block Grant	14.219	09-PF-836	2,120	2,120
Community Development Block Grant	14.228	10-PF-054	451,350	453,150
Total U.S. Department of Housing and Urban Development			453,470	455,270
TOTAL FEDERAL AWARDS			\$ 512,753	\$ 514,553

The above schedule was prepared using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from generally accepted accounting principles.

SPECIAL REPORTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City Council
City of Yates Center, Kansas
Yates Center, Kansas

We have audited the financial statements of City of Yates Center, Kansas, Yates Center, Kansas as of and for the year ended December 31, 2011, and have issued our report thereon dated March 30, 2012. The City prepares its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatements of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters involving the internal controls over financial reporting that we have reported to management in a separate letter dated March 30, 2012.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Agler & Gaeddert, Chartered

Emporia, Kansas
March 30, 2012

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City Council
City of Yates Center, Kansas
Yates Center, Kansas

Compliance

We have audited the compliance of City of Yates Center, Kansas, Yates Center, Kansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Agler + Gaeddert, Chartered

Emporia, Kansas
March 30, 2012

City of Yates Center, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2011

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
14.228	Community Development Block Grant	\$ 451,350
Dollar threshold used to distinguish between Type A and Type B programs		\$ <u>300,000</u>
Auditee qualified as a low-risk auditee?		<u>No</u>
Has not had a single audit in the past two years.		

